



# HASLER

July 18, 2007

Dan G. Blair  
Chairman, Postal Regulatory Commission  
901 New York Ave NW, Suite #200  
Washington DC 20268-0001

RE: Rate Setting Process

Chairman Blair,

As a trusted partner of the United States Postal Service and provider to the mailing industry, we welcome the opportunity to comment on the rate setting process as provided in the Postal Accountability and Enhancement Act of 2006.

Hasler Inc and Neopost Inc's 280,000 USPS-approved postage meters provide evidence of payment for over \$5 Billion in USPS revenue annually. We have been providing mailing systems and solutions to American businesses for over 75 years. Our customers look to us to keep them abreast of changes in postal rules, regulations and rates. Over the years we have established an outstanding working relationship with the Postal Service and view ourselves as true partners with common goals and common customers.

There are several aspects of the rate setting process we would like to bring to your attention as they directly impact our customers and our ability to provide them quality service.

Under the PAEA, the USPS can change rates with only 45 days notice. Having just implemented the May 14<sup>th</sup> rate change with 60 days notice, it is evident that 45 days is completely insufficient. Each rate change requires that we rewrite the rate calculation software, prepare rate chips for use in our various equipment models and distribute them to our customers.

We are not alone in advocating additional lead time. Several mailing associations have called for 90 to 120 days lead time for rate changes, which we fully support.

The Act encourages the Postal Service to offer price incentives that result in reduced postal costs. Several European Posts (UK, France, Germany) have found that by providing rate reductions for customers who meter mail they

generate additional mail volume while reducing processing costs. Metered mail bypasses the cancellation operation and retail operations benefit by not having to sell stamps. The USPS currently provides discounts for First Class presort and automation mails but these programs do not address the small business mailer who mails at full rate First Class. Based on the experience of other Posts, a simple and easy to implement incentive such as this (limited to non-discounted First Class full rate mail) could grow First Class volume quickly.

Finally, the Postal Service needs as much latitude as possible to experiment with new rates, services, and products. While they have successfully taken billions of dollars of expense out of their operations over the years, they cannot sustain the "cost cutting" business model in the future. They need to develop new sources of revenue and to do that they need the flexibility to experiment in the market with new concepts.

Thank you again for the opportunity to express our views and we look forward to working together with the USPS and the Postal Regulatory Commission.

Best regards,



Patrick Nangle  
COO, North America & Japan

CC: John Vavra, President, Hasler, Inc.  
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